

---

# **FEDERAL DEPOSIT INSURANCE CORPORATION**

---

## **Executive Management Report**

**Unaudited**

**Financial Results**

**For the Three Months Ending March 31, 1997**

---



---

**Division of Finance**

# Financial Highlights

## For the Three Months Ending March 31, 1997

### ***Bank Insurance Fund (BIF):***

- ▶ Net income was \$188 million for the three months ending March 31, 1997, raising the fund balance to \$27 billion.
- ▶ Revenue totaled \$355 million for the three months ending March 31, 1997. The fund earned \$333 million in interest on investments in U.S. Treasury securities and received \$8 million in deposit insurance assessments.
- ▶ Provision for insurance losses was \$28 million for the period, primarily reflecting increased losses expected for assets in liquidation. The liability for anticipated failures of insured BIF institutions fell to \$66 million from \$240 million one year earlier, reflecting the continued improvement in the condition of the banking industry.
- ▶ Total BIF operating expenses increased by \$20 million in the first quarter of 1997, compared to the same period last year, because fewer expenses were charged to receiverships as liquidation activity declined.

### ***Savings Association Insurance Fund (SAIF):***

- ▶ Net income was \$121 million for the three months ending March 31, 1997, increasing the fund balance to \$9 billion. Net income decreased by \$171 million compared to the same period in 1996, due primarily to a reduction in assessment revenue.
- ▶ Net assessment revenue through March 1997 totaled \$6 million compared to \$251 million for the same period last year. The decline resulted from a significant reduction in the SAIF's assessment rates after the capitalization of the SAIF in October 1996.
- ▶ Revenue totaled \$134 million during the three months ending March 31, 1997, compared to \$306 million for the year-earlier period. An increase in interest income from \$54 million to \$128 million was more than offset by the decline in assessment revenue.
- ▶ Cash and investments now comprise 98% of total assets.
- ▶ Available cash (including cash equivalents) decreased by \$450 million from March 1996 to March 1997 as cash was committed to investments in longer-term U.S. Treasury obligations.
- ▶ Operating expenses decreased by \$3 million in the first three months of 1997, compared to the same period last year.
- ▶ The estimated liability for anticipated failures of insured SAIF institutions as of March 31, 1997, decreased to \$3 million from \$108 million at March 31, 1996, as the result of continued improvement in the financial condition of the thrift industry.

### ***FSLIC Resolution Fund (FRF): ~FRF-FSLIC~***

- ▶ Net income was \$94 million for the three months ending March 31, 1997, compared to a loss of \$25 million for the same period last year. The increase in net income was attributable to a \$71 million reduction in the provision for losses.
- ▶ Net receivables from thrift resolutions were \$160 million for March 1997, compared to \$306 million for March 1996, as assets of the former FSLIC continue to be liquidated.
- ▶ Net cash provided by operating activities increased by \$67 million over the same period last year, due primarily to \$651.7 million received in January 1997 for the sale of common stock acquired in an assistance transaction.

### ***~FRF-RTC~***

- ▶ The FRF-RTC earned \$77 million during the first quarter of 1997 on the securitization credit enhancement reserves that were transferred to the Corporation as a non-cash dividend in October 1996.
- ▶ Assets in liquidation totaled \$4.1 billion as of March 31, 1997, down by \$2.9 billion over the last 12 months.
- ▶ Federal Financing Bank (FFB) borrowings were reduced by \$4.7 billion to \$3.0 billion during the twelve months ending March 31, 1997.
- ▶ Net income was \$68 million for the first quarter of 1997, an increase of \$192 million compared to the same period last year. Most of the increase was attributable to a \$128 million reduction in the provision for losses, and a \$77 million reduction in FFB interest expense, compared to the year-earlier period.

### ***Bank and Thrift Failure Activity:***

- ▶ No BIF-insured institutions have failed during 1997. During 1996, five BIF-insured banks with assets of \$183 million failed.
- ▶ No SAIF-insured institutions have failed during 1997. During 1996, one SAIF-insured institution with total assets of \$35 million failed.

# Statistical Highlights

## (Dollars in Millions)

<b>Fund Results</b>	<b>Bank Insurance Fund (Unaudited)</b>		<b>Savings Association Insurance Fund (Unaudited)</b>	
	<b>YTD 3/31/97</b>	<b>YTD 3/31/96</b>	<b>YTD 3/31/97</b>	<b>YTD 3/31/96</b>
Revenue	\$355	\$370	\$134	\$306
Operating Expenses	\$125	\$105	\$14	\$17
Insurance Losses/Expenses	\$42	(\$30)	(\$1)	(\$3)
Net Income	\$188	\$295	\$121	\$292
Fund Balance	\$27,042	\$25,748	\$9,009	\$3,650

### **Selected Statistics**

Total Insured Institutions	9,854 (a)	10,178 (b)	1,630 (a)	1,704 (b)
Institution Failures for Current Year	0	1	0	0
Total Assets of Current Year Failures	\$0	\$35	\$0	\$0
Total Estimated Losses of				
Current Year Failures	\$0	\$2	\$0	\$0
Receivership/Corporate Owned				
Assets in Liquidation	\$3,474	\$7,755	\$35	\$6

(a) Source: 12/31/96 FDIC Quarterly Banking Profile (latest available). BIF figure includes 32 U.S. branches of foreign banks.

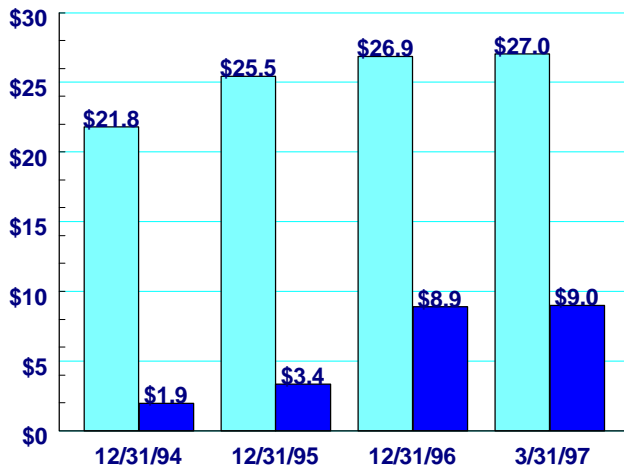
(b) Source: 3/31/96 FDIC Quarterly Banking Profile. BIF figure includes 37 U.S. branches of foreign banks.

	<b>FRF - FSLIC (Unaudited)</b>		<b>FRF - RTC (Unaudited)</b>		<b>FRF - Consolidated (Unaudited)</b>	
	<b>YTD 3/31/97</b>	<b>YTD 3/31/96</b>	<b>YTD 3/31/97</b>	<b>YTD 3/31/96</b>	<b>YTD 3/31/97</b>	<b>YTD 3/31/96</b>
<b><u>Cash Flows</u></b>						
<b><i>Cash Flows from Operating Activities:</i></b>						
Cash Provided by Operating Activities	\$790	\$175	\$1,922	\$2,386	\$2,712	\$2,561
Cash Used for Operating Activities	(\$16)	(\$79)	(\$172)	(\$223)	(\$188)	(\$302)
Net Cash Provided by/(Used for) Operating Activities	\$774	\$96	\$1,750	\$2,163	\$2,524	\$2,259
<b><i>Cash Flows from Financing Activities:</i></b>						
U.S. Treasury Payments	\$0	\$0	\$0	\$0	\$0	\$0
Repayments of Federal Financing Bank Borrowings	\$0	\$0	(\$1,636)	(\$3,000)	(\$1,636)	(\$3,000)
Payments of Indebtedness Incurred from Thrift Resolution	(\$32)	(\$32)	\$0	\$0	(\$32)	(\$32)
Net Increase/(Decrease) in Cash	\$742	\$64	\$114	(\$837)	\$856	(\$773)
<b><u>Selected Statistics</u></b>						
Resolution Equity	\$1,758	\$771	\$4,986	\$3,284	\$6,744	\$4,055
Number of Active Receiverships	32	58	435	455	467	513
Number of Other Liquidating Entities	57	63	19	10	76	73
Receivership/Corporate Owned Assets						
Assets in Liquidation	\$451	\$1,531	\$4,111	\$6,983	\$4,562	\$8,514
Covered/Partnership Assets	\$0	\$499	\$0	\$0	\$0	\$499
Federal Financing Bank Borrowings	\$0	\$0	\$2,959	\$7,628	\$2,959	\$7,628

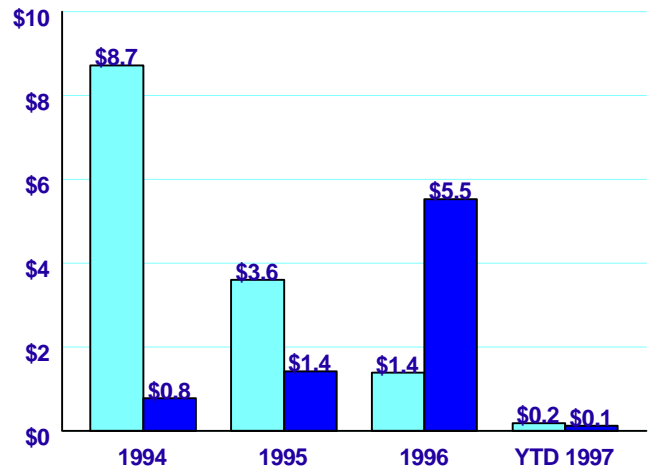
# Fund Operations

## Financial Results

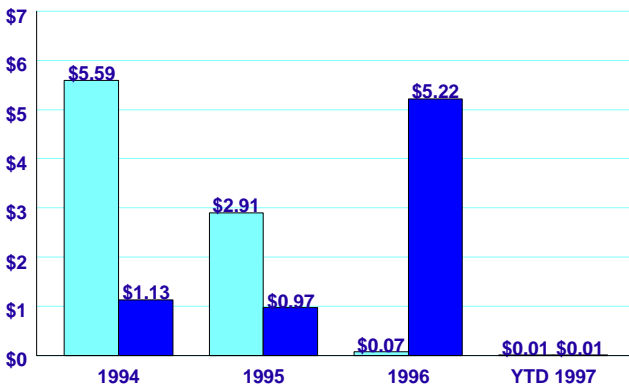
**Fund Balance**  
(Dollars in Billions)  
■ BIF ■ SAIF



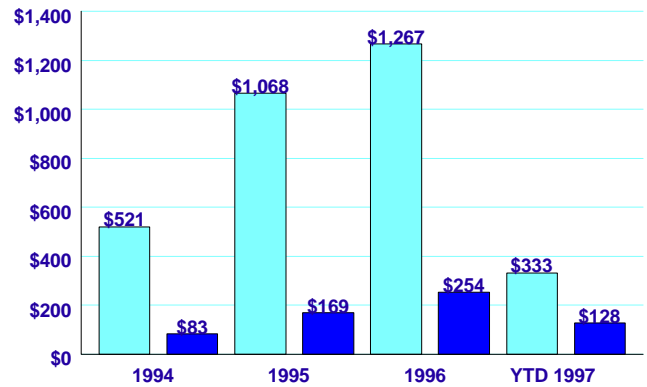
**Net Income**  
(Dollars in Billions)  
■ BIF ■ SAIF



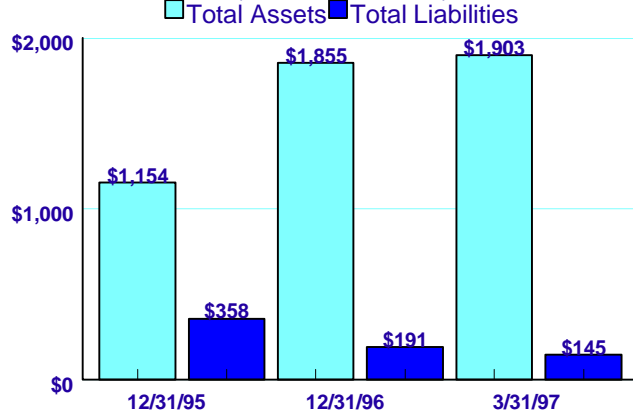
**Assessment Revenue**  
(Dollars in Billions)  
■ BIF ■ SAIF



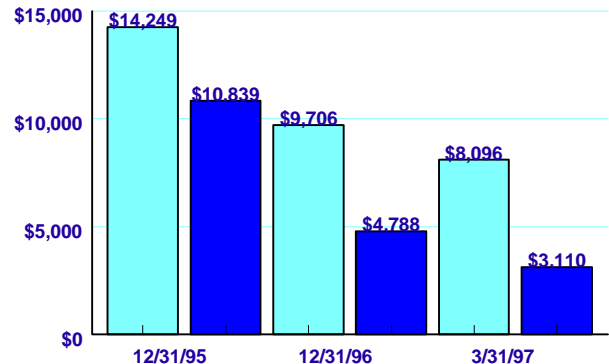
**Interest Income**  
(Dollars in Millions)  
■ BIF ■ SAIF



**FRF-FSLIC Resolution Progress**  
(Dollars in Millions)  
■ Total Assets ■ Total Liabilities



**FRF-RTC Resolution Progress**  
(Dollars in Millions)  
■ Total Assets ■ Total Liabilities

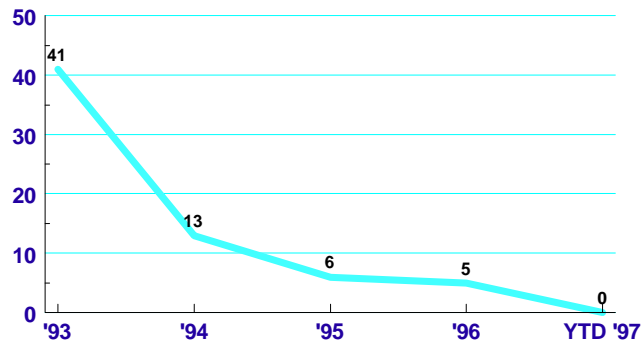


Results for the year ending December 31, 1996 and the quarter ending March 31, 1997 are unaudited.

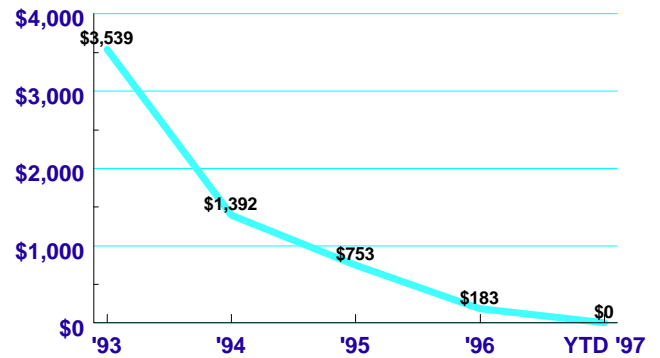
# Insurance Activity

Through March 1997

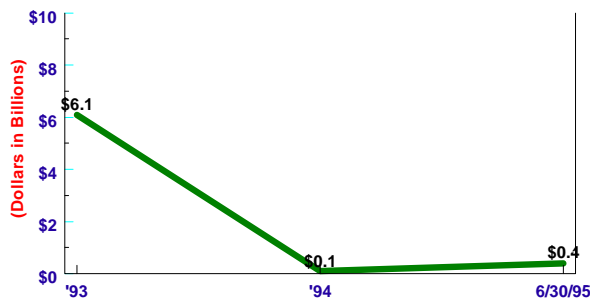
**Number of Closed and Assisted BIF-Member Institutions**



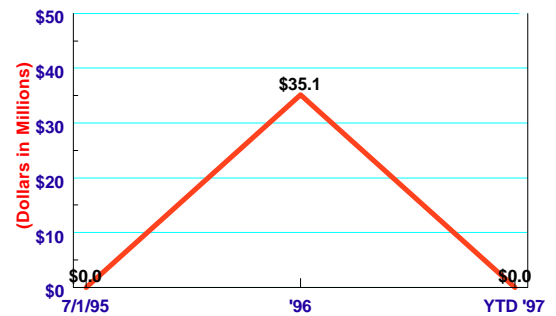
**Assets of Closed and Assisted BIF-Member Institutions**  
at Date of Closing or Assistance  
(Dollars in Millions)



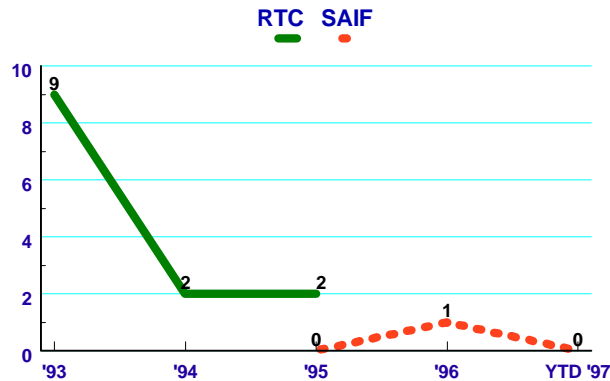
**RTC: Assets of Failed Thrifts \***  
at Date of Failure (Takeover Date)  
RTC



**SAIF: Assets of Failed Thrifts \***  
at Date of Failure  
SAIF



**Number of Thrift Failures \***  
(Measured by date of takeover)



\*The SAIF assumed responsibility for thrift-member institutions from the RTC on July 1, 1995.

# Federal Deposit Insurance Corporation

## Statements of Income and Fund Balance

(Dollars in Millions)

	<b>B I F</b> <b>M-T-D March</b> <b>(Unaudited)</b>		<b>S A I F</b> <b>M-T-D March</b> <b>(Unaudited)</b>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
<b><u>Revenue</u></b>				
Assessments	\$ 2	\$ 7	\$ 3	\$ 85
Interest on U.S. Treasury investments	118	104	44	18
Revenue from corporate owned assets	1	20	0	0
Other revenue	2	3	0	0
<b>Total Revenue</b>	<b>123</b>	<b>134</b>	<b>47</b>	<b>103</b>
<b><u>Expenses and Losses</u></b>				
Operating expenses	57	34	5	6
<i>Insurance Losses/Expenses:</i>				
Provision for insurance losses	2	(53)	(1)	(3)
Corporate owned asset expenses	4	5	0	0
Interest and other insurance expenses	0	0	0	0
Subtotal Insurance Losses/Expenses	6	(48)	(1)	(3)
<b>Total Expenses and Losses</b>	<b>63</b>	<b>(14)</b>	<b>4</b>	<b>3</b>
<b>Net Income</b>	<b>60</b>	<b>148</b>	<b>43</b>	<b>100</b>
<b>Fund Balance - Beginning</b>	<b>26,982</b>	<b>25,600</b>	<b>8,966</b>	<b>3,550</b>
<b>Fund Balance - Ending</b>	<b>\$ 27,042</b>	<b>\$ 25,748</b>	<b>\$ 9,009</b>	<b>\$ 3,650</b>

	<b>B I F</b> <b>Y-T-D March</b> <b>(Unaudited)</b>		<b>S A I F</b> <b>Y-T-D March</b> <b>(Unaudited)</b>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
<b><u>Revenue</u></b>				
Assessments	\$ 8	\$ 20	\$ 6	\$ 251
Interest on U.S. Treasury investments	333	306	128	54
Revenue from corporate owned assets	6	34	0	0
Other revenue	8	10	0	1
<b>Total Revenue</b>	<b>355</b>	<b>370</b>	<b>134</b>	<b>306</b>
<b><u>Expenses and Losses</u></b>				
Operating expenses	125	105	14	17
<i>Insurance Losses/Expenses:</i>				
Provision for insurance losses	28	(52)	(1)	(3)
Corporate owned asset expenses	14	22	0	0
Interest and other insurance expenses	0	0	0	0
Subtotal Insurance Losses/Expenses	42	(30)	(1)	(3)
<b>Total Expenses and Losses</b>	<b>167</b>	<b>75</b>	<b>13</b>	<b>14</b>
<b>Net Income</b>	<b>188</b>	<b>295</b>	<b>121</b>	<b>292</b>
<b>Fund Balance - Beginning</b>	<b>26,854</b>	<b>25,453</b>	<b>8,888</b>	<b>3,358</b>
<b>Fund Balance - Ending</b>	<b>\$ 27,042</b>	<b>\$ 25,748</b>	<b>\$ 9,009</b>	<b>\$ 3,650</b>

# Federal Deposit Insurance Corporation

## Statements of Financial Position

(Dollars in Millions)

	<b>B I F</b> <b>March 31</b> <b>(Unaudited)</b>		<b>S A I F</b> <b>March 31</b> <b>(Unaudited)</b>	
	<u><b>1997</b></u>	<u><b>1996</b></u>	<u><b>1997</b></u>	<u><b>1996</b></u>
<b><u>Assets</u></b>				
Cash and cash equivalents - available	\$ 220	\$ 316	\$ 198	\$ 648
Investment in U.S. Treasury obligations, net	23,681	21,076	8,697	3,276
Receivables from resolutions, net	2,961	4,266	12	0
Investment in corporate owned assets, net	28	176	0	0
<b><i>Cash and Investments (Restricted):</i></b>				
FICO reserve	0	0	0	0
Exit fees	0	0	231	218
Property and buildings, net	148	151	0	0
Other assets, net	393	422	126	67
<b>Total Assets</b>	<b>\$ 27,431</b>	<b>\$ 26,407</b>	<b>\$ 9,264</b>	<b>\$ 4,209</b>
<b><u>Liabilities and the Fund Balance</u></b>				
Accounts payable and other liabilities	\$ 215	\$ 210	\$ 21	\$ 233
<b><i>Estimated Liabilities for:</i></b>				
Anticipated failure of insured institutions	66	240	3	108
Assistance agreements	51	48	0	0
Asset securitization guarantee	42	125	0	0
Litigation losses	15	36	0	0
<b>Total Liabilities</b>	<b>389</b>	<b>659</b>	<b>24</b>	<b>341</b>
<b><i>Funds Held in Escrow:</i></b>				
Assessment collections held in escrow on behalf of FICO	0	0	0	0
SAIF-member exit fees and investment proceeds held in escrow	0	0	231	218
<b>Total Funds Held in Escrow:</b>	<b>0</b>	<b>0</b>	<b>231</b>	<b>218</b>
<b>Fund Balance</b>	<b>27,042</b>	<b>25,748</b>	<b>9,009</b>	<b>3,650</b>
<b>Total Liabilities and the Fund Balance</b>	<b>\$ 27,431</b>	<b>\$ 26,407</b>	<b>\$ 9,264</b>	<b>\$ 4,209</b>

# Federal Deposit Insurance Corporation

## Financial Statements for FRF - FSLIC

(Dollars in Millions)

STATEMENTS OF FINANCIAL POSITION		
	(Unaudited) March 31 1997	(Unaudited) March 31 1996
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 1,545	\$ 339
Receivables from thrift resolutions, net	160	306
Investment in corporate owned assets, net	131	347
Other assets, net	67	7
<b>Total Assets</b>	<b>\$ 1,903</b>	<b>\$ 999</b>
<b><u>Liabilities and Resolution Equity</u></b>		
<b><u>Liabilities</u></b>		
Accounts payable and other liabilities	\$ 11	\$ 7
Liabilities incurred from thrift resolutions	98	136
<i>Estimated Liabilities for:</i>		
Assistance agreements	9	58
Litigation losses	27	27
<b>Total Liabilities</b>	<b>145</b>	<b>228</b>
<b><u>Resolution Equity</u></b>		
Contributed capital	44,156	44,156
Accumulated deficit	(42,398)	(43,385)
<b>Total Resolution Equity</b>	<b>1,758</b>	<b>771</b>
<b>Total Liabilities and Resolution Equity</b>	<b>\$ 1,903</b>	<b>\$ 999</b>

STATEMENTS OF INCOME AND ACCUMULATED DEFICIT		
	(Unaudited) Year to Date March 31 1997	(Unaudited) Year to Date March 31 1996
<b><u>Revenue</u></b>		
Interest on U.S. Treasury obligations	\$ 16	\$ 4
Revenue from corporate owned assets	15	34
Limited partnership	5	9
Interest on advances and other revenue	1	2
<b>Total Revenue</b>	<b>37</b>	<b>49</b>
<b><u>Expenses and Losses</u></b>		
Operating expenses	1	(1)
Interest expense	2	2
Corporate owned asset expenses	11	21
Provision for losses	(71)	52
Other expenses	0	0
<b>Total Expenses and Losses</b>	<b>(57)</b>	<b>74</b>
<b>Net Income</b>	<b>94</b>	<b>(25)</b>
<b>Accumulated Deficit - Beginning</b>	<b>(42,492)</b>	<b>(43,360)</b>
<b>Accumulated Deficit - Ending</b>	<b>\$ (42,398)</b>	<b>\$ (43,385)</b>



# Federal Deposit Insurance Corporation

## Financial Statements for FRF - RTC

(Dollars in Millions)

<b>STATEMENTS OF FINANCIAL POSITION</b>		
	(Unaudited) March 31 1997	(Unaudited) March 31 1996
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 414	\$ 399
Receivables from thrift resolutions, net	2,316	10,431
Securitization Reserve Fund	5,338	0
Investment in corporate owned assets, net	27	522
Other assets, net	1	10
<b>Total Assets</b>	<b>\$ 8,096</b>	<b>\$ 11,362</b>
<b><u>Liabilities and Resolution Equity</u></b>		
<b><u>Liabilities</u></b>		
Accounts payable and other liabilities	\$ 142	\$ 175
Notes payable - Federal Financing Bank borrowings	2,959	7,628
Liabilities incurred from thrift resolutions	6	50
<i>Estimated Liabilities for:</i>		
Assistance agreements	0	0
Litigation losses	3	225
<b>Total Liabilities</b>	<b>3,110</b>	<b>8,078</b>
<b><u>Resolution Equity</u></b>		
Contributed capital	91,345	91,343
Accumulated deficit	(86,359)	(88,059)
<b>Total Resolution Equity</b>	<b>4,986</b>	<b>3,284</b>
<b>Total Liabilities and Resolution Equity</b>	<b>\$ 8,096</b>	<b>\$ 11,362</b>

<b>STATEMENTS OF INCOME AND ACCUMULATED DEFICIT</b>		
	(Unaudited) Year to Date March 31 1997	(Unaudited) Year to Date March 31 1996
<b><u>Revenue</u></b>		
Interest on Securitization Reserve Fund	\$ 77	\$ 0
Revenue from corporate owned assets	13	11
Interest on advances and other revenue	1	90
<b>Total Revenue</b>	<b>91</b>	<b>101</b>
<b><u>Expenses and Losses</u></b>		
Operating expenses	1	2
Interest expense	52	129
Corporate owned asset expenses	7	3
Provision for losses	(37)	91
<b>Total Expenses and Losses</b>	<b>23</b>	<b>225</b>
<b>Net Income (Loss)</b>	<b>68</b>	<b>(124)</b>
<b>Accumulated Deficit - Beginning</b>	<b>(86,427)</b>	<b>(87,935)</b>
<b>Accumulated Deficit - Ending</b>	<b>\$ (86,359)</b>	<b>\$ (88,059)</b>

# Federal Deposit Insurance Corporation

## Financial Statements for FRF - Consolidated

(Dollars in Millions)

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
	(Unaudited) March 31 1997	(Unaudited) March 31 1996
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 1,959	\$ 738
Receivables from thrift resolutions, net	2,476	10,737
Securitization Reserve Fund	5,338	0
Investment in corporate owned assets, net	158	869
Other assets, net	68	17
<b>Total Assets</b>	<b>\$ 9,999</b>	<b>\$ 12,361</b>
<b><u>Liabilities and Resolution Equity</u></b>		
<b><u>Liabilities</u></b>		
Accounts payable and other liabilities	\$ 153	182
Notes payable - Federal Financing Bank borrowings	2,959	7,628
Liabilities incurred from thrift resolutions	104	186
<i>Estimated Liabilities for:</i>		
Assistance agreements	9	58
Litigation losses	30	252
<b>Total Liabilities</b>	<b>3,255</b>	<b>8,306</b>
<b><u>Resolution Equity</u></b>		
Contributed capital	135,501	135,499
Accumulated deficit	(128,757)	(131,444)
<b>Total Resolution Equity</b>	<b>6,744</b>	<b>4,055</b>
<b>Total Liabilities and Resolution Equity</b>	<b>\$ 9,999</b>	<b>12,361</b>

<b>CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED DEFICIT</b>		
	(Unaudited) Year to Date March 31 1997	(Unaudited) Year to Date March 31 1996
<b><u>Revenue</u></b>		
Interest on Securitization Reserve Fund	\$ 77	\$ 0
Interest on U.S. Treasury obligations	16	4
Revenue from corporate owned assets	28	45
Limited partnership	5	9
Interest on advances and other revenue	2	92
<b>Total Revenue</b>	<b>128</b>	<b>150</b>
<b><u>Expenses and Losses</u></b>		
Operating expenses	2	1
Interest expense	54	131
Corporate owned asset expenses	18	24
Provision for losses	(108)	143
Other expenses	0	0
<b>Total Expenses and Losses</b>	<b>(34)</b>	<b>299</b>
<b>Net Income</b>	<b>162</b>	<b>(149)</b>
<b>Accumulated Deficit - Beginning</b>	<b>(128,919)</b>	<b>(131,295)</b>
<b>Accumulated Deficit - Ending</b>	<b>\$ (128,757)</b>	<b>\$ (131,444)</b>